**Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)**

**Funded By U.S. Agency for International Development**

**MFI Management Development and Retention Review Workshop**

Final Report

**Deliverable for MEI Component, Task No. 310.1.2
Contract No. 278-C-00-02-00210-00**

**March 2003**

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# Executive Summary

The aim of this task was to deliver an analytical workshop for leaders and managers at four microfinance institutions (MFIs) in team work, the need for development of second line management, and employee retention and development.

In carrying out this task, the Consultant reviewed some material related to MFIs business plan 2002 and other materials to understand the concurrent policies applied by the companies.

The consultant in close cooperation with AMIR Program designed a one day workshop to address the need for and benefits of management development and retention review.  The agenda of the workshop included the following subjects:

- **LEADERSHIP**
    - Leadership Theories
    - Norms of Effective Leadership
    - Basic Qualifications of Leaders
    - Styles of Leadership
    - Roles and Responsibilities of Team Leader
- **DELEGATION & EMPOWERMENT**
    - Delegation of Authorities
    - Steps of Delegation Process
    - Levels of Delegation
    - Obstacles facing the Delegation process
- **TURNOVER (Employee Retention)**
    - Reasons Behind
    - Suggested Solutions
    - Negative Results underlying Turnover
- **JOB LOYALTY**
    - The Developmental Steps
    - Driving Forces to formulate Job Loyalty
    - The Outputs of Job Loyalty
    - Techniques of Proper Incentives and Motivation

The workshop was delivered by focusing on full participants' participation through discussion and reflection, group exercises, individual exercises. The activities included the following training functions:

- Understand Your Leadership Style (Individual Exercise)
- Diagnose of Organizational Climate (Group Exercise)
- Motivations to work  (Individual Exercise)
- Reasons for Employee Turnover (Group Exercise)
- Suggested Solutions to enhance Employee Retention (Group Exercise)

# Findings

It is worth to mention far forth that most participants have a general understanding of the tasks and responsibilities required for an effective leadership and what it entails to carry out the MFIs functions through others at the supervisory and operational management level.

Some of the participants perceived what should be made at the corporate level and the individual level with regard to developing employee morale and increase the level of satisfaction. However, and through an analytical approach, it appeared that some organizational dimensions were found weak and require serious change especially what relates to Performance Appraisal Process.

What most of the participants needed to acquire was the new trends in leadership which are regarded as the cornerstone of any successful leader.  I believe that through the discussions and exercises, they acquired some new ideas which might help them in developing their competences in managing both: the work and the individuals.

Drawn on a brain writing session, the participants presented the reasons behind Employee Turnover (Annex I) as well as possible solutions for Employee Retention (Annex II).

Over and above, the Consultant provided the participants with a list of possible and most common problems and solutions (Annex III) which might be helpful to ensure proper utilization of employees' Knowledge, Skills, and Attitudes (KSA).

Annex IV presents the results of the workshop evaluation in the views of the participants.

# Recommendations

It is recommended that the following activities need to be reviewed and/or re- organized if any MFI is willing to solve current organizational problems and to enhance the employee satisfaction which will lead to employee retention:

1. Analyze and identify the tasks which could be delegated by considering the delegation phases: Before, during, and after.
2. Identify Training Needs for each and every level of job functions.
3. Review and update the Performance Appraisal System, and try to apply new performance evaluation system(s).
4. Review Salary Scale.
5. Introduce new incentives linked to creativity and productivity.
6. Review current job descriptions and study the possibility of applying job enlargement or job enrichment technique.
7. Enhance the teamwork spirit concept and increase the level of empowerment.
8. Review the dimensions / fields of the organizational climate and figure out the "What to Do" list in order to correct the current situations through a participatory approach.

# **Annex I**

## **Problems Encountered Job Turnover**

| Problem / Difficulty | Scores |
|---|---|
| • Lack of team cohesiveness | 11 |
| • Routine  at work | 20 |
| • Personalization at work | 09 |
| • Lack of proper recognition | 24 |
| • Weak positive relationship between colleagues | 06 |
| • Weak Management  and leadership | 22 |
| • Slow career development | 23 |
| • Low scale of salaries | 23 |
| • Little concern about various kinds of incentives | 35 |
| • Organizational climate | 12 |
| • No development of required skills and competencies | 33 |
| • Strong centralization | 15 |
| • Little room for employee participation | 09 |
| • Personal problems and difficulties | 12 |
| • No satisfaction with regard to organization policies | 21 |
| • Overload of work | 05 |
| • Job Security | 36 |

## **Annex II**

### **Suggested Solutions for Employee Retention**

- Express and deploy more transparency
- Establish clear internal systems
- Set clear objectives, policies, procedures
- Design suitable and various tangible and intangible incentives
- Organize social events
- Enhance commitment to job description which matches required qualifications and job requirements
- Conduct regular meetings
- Build a healthy work environment
- Encourage initiative
- Select qualified leaders
- Delegate authorities to competent people
- Establish an incentive system based on productivity
- Study salaries according to market and job requirements
- Conduct job analysis related to tasks
- Designate a control body to resolve conflicts
- Reevaluate the disciplinary actions
- Establish personnel committee to look after employees' problems
- Value and encourage creativity at work
- Allow participation in planning and decision making
- Change the style of leadership and management
- Increase training and development opportunities

## Annex III

أسباب عامة تتعلق بقرار الموظفين ترك وظائفهم
وإجراءات مقترحة لكل سبب

1. **الشعور بالعزلة**
مضاعفة وسائل الاتصال مع الموظفين

2. **عدم الشعور بالراحة نتيجة اختلاط مسؤوليات العمل**
تغيير مسؤوليات الوظيفة / ومضاعفة تحديات حاجة العمل

3. **نقص في الموارد المساندة**
توفير المساعدة بالشراكة أو موارد إضافية

4. **عدم الشعور بالارتباط في المؤسسة**
تطوير أهداف عامة / قيم / وشعور بالمشاركة

5. **عدم وجود روابط وروح العمل ضمن الفريق**
تطوير العلاقات والصداقات بين الموظفين

6. **عدم الشعور بالتمكين أو القدرة على العمل أو التقدير**
تطوير الشعور بالتملك، الهوية الوظيفية، و الارتباط مع الآخرين في المؤسسة

7. **عدم وضوح الرؤيا المستقبلية**
جعل المستقبل أكثر وأظهار مساعي ترك الوظيفة

8. **عدم الشعور بالفخر و الاعتزاز بمنتجات أو بخدمات المؤسسة**
تحسين صورة أو سمعة المؤسسة

9. **غياب السلطة أو الرقابة**
مضاعفة مستوى الارتباط والمشاركة وتحمل المسؤولية والقدرة على ممارسة الرقابة

10. **عدم الاستمتاع في العمل**
جعل العمل ممتع و وجود صعوبة في حال التفكير بتركه

11. **غياب درجة العدالة و المساواة**
إيجاد مستوى من الإدراك بوجود عدالة بين الموظفين

12. **عدم وجود حماس من الآخرين للبقاء في المؤسسة**
تطوير الشعور بالتكامل والانتماء

13. **عدم الشعور بالتقدير الكافي أو إبراز المواهب والقدرات**
جعل كل موظف يشعر وأنه مميز وان ميزا مهنته المؤسسة بحاجة إليه

14. **عدم وجود ظواهر بفرص الترقية والمنح الوظيفي**
منح مسؤوليات وظيفية جديدة أو أعلى

15. **الإدراك بتدني مستوى الرواتب و الامتيازات الإضافية**
تعديل أنظمة المكافآت والتعويضات و المزايا

**16.** جهود الاهتمام بالموظفين تأتي متأخرة
تنفيذ استراتيجيات وقائية وفي الوقت المناسب

<u>**Annex IV**</u>

**Evaluation Analysis for**
**MFI Management Development & Retention Review Workshop**
**13 March 2003**

**17 of 20 participants filled the evaluation forms.**

- *Please check the rating which best describes the quality of this training :*

|  | *Materials* | *Instructors* | *Practical Application* | *Venue* | *Overall* |
|---|---|---|---|---|---|
| ***Training*** | | | | | |
| ***Excellent*** | 7 (%41.2) | 12 (%70.6) | 6 (%35.3) | 13 (%76.4) | 10 (%58.8) |
| ***Good*** | 9(%52.9) | 5 (%29.4) | 9 (%53) | 4 (%23.6) | 7 (%41.2) |
| ***Fair*** | 1(%5.9) | --- | 2 (%11.7) | --- | --- |
| ***Poor*** | --- | --- | --- | --- | --- |

- *Which topic did you think was the most useful?*
- How to delegate power and to refresh up the spirit of the staff - 1 (%5.9)
- Employees' retention and turnover - 11 (%64.7)
- The problems and how to solve them - 1 (%5.9)
- Performance evaluation -  2 (%11.8)
- Leadership styles  - 3 (%17.6)
- Leadership theories - 2 (%11.8)
- The relationship between the management and the employees - 1 (%5.9)
- Effective leadership - 2 (%11.8)
- Self-assessments - 1 (%5.9)

Note: Some participants gave more than one point.

- *Which topic did  you think was the least useful:*
- None - 13 (%76.5)
- Leadership theories - 3 (%17.6)
- Questionnaires - 1 (%5.9)

- *How could this course be improved?*
  - More practical application (case study, exercise) - 4 (%23.5)
  - To give more time for the workshop - 11 (%64.7)
  - To focus more on evaluation systems - 1 (%5.9)
  - To add the "how" and add some tips to the materials - 1 (%5.9)
  - To focus more on the management skills -1 (%5.9)

  Note: Some participants gave more than one point.


- *Would you recommend the training to others?     Yes _17(%100)____     No _____*
- *Comments:*
  - To deliver anther workshop for branch mangers, and supervisors - 1 (%5.9)
  - The trainer is very skilled and with high level of experience - 1 (%5.9)
  - This workshop was an eye-opener and added some things into perspective - 1 (5.9)
  - The workshop was very interesting and useful - 1(%5.9)
  - Implementing what we took in the course will take time - 1(%5.9)